Land Management Services

Annual Report 2002-2003

Manitoba

a Special Operating Agency of Manitoba Transportation and Government Services

Table of Contents

LETTER TO THE LIEUTENANT GOVERNOR I

LETTER TO MINISTER OF TRANSPORTATION & GOV'T SERVICES III

MISSION STATEMENT 2

MESSAGE FROM THE CHIEF OPERATING OFFICER 3

1 **Agency Profile** 4
- 1.1 Mandate 4
- 1.2 Agency Development 4
- 1.3 Our Mission 6
- 1.4 Our Goal 6
- 1.5 Our Objectives 6
- 1.6 Operational Review 7
- 1.7 Systems: Information and Technology Plan 7
- 1.8 Human Resources 7
- 1.9 Marketing 8

2 **Operational Status** 9
- 2.1 Appraisal and Acquisition Activities 9
- 2.2 Processing Activities 11
- 2.3 Sales and Leasing Activities 12

3 **Future Outlook & Trends** 13
- 3.1 Business Trends 13
- 3.2 Impact Overview 14

4 **Financial Highlights – 2002/03** 15

5 **Performance Highlights – 2002/03** 15

6 **Management Discussion & Analysis** 16

7 **Advisory Board** 18

8 **Land Management Services Locations & Contacts** 19

9 **Organization Chart** 20

FINANCIAL STATEMENTS 21
- **Appendix A** Magnus & Buffie 21
- **Appendix B** Surplus Properties 32

Letter to the Lieutenant Governor

MINISTER OF TRANSPORTATION
AND GOVERNMENT SERVICES

Room 203
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

July 14, 2003

The Honourable Peter M. Liba
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Annual Report of Land Management Services (LMS) for the fiscal year ended March 31, 2003.

LMS, formerly the Land Acquisition Branch was created in 1965 as part of the Department of Public Works, with the responsibility of bringing consistency and uniformity to the process of real estate acquisition by Government. In 1993, the head office was decentralized from Winnipeg to Portage la Prairie while regional offices continue to be located in Brandon and Dauphin. Effective April 1, 1995, the Land Acquisition Branch was designated a Special Operating Agency using the operating name of Land Management Services.

As a Special Operating Agency, LMS has been commended for its past performances and achievements and continually strives to maintain its position as the supplier of choice for Centralized Real Estate Services.

Respectfully submitted,

Scott Smith
Minister Responsible for
Land Management Services Agency

Manitoba

Deputy Minister of
Government Services
& Emergency Measures

332 Legislative Building
Winnipeg, MB R3C 0V8

Telephone: (204) 945-4414
Facsimile: (204) 945-1857

July 14, 2003

Honourable Scott Smith
Minister Responsible for the
Land Management Services Agency
Transportation and Government Services
Room 203 Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Minister:

I am pleased to submit, for your consideration, the Seventh Annual Report of the Land Management Services Agency for the fiscal year ended March 31, 2003.

The Agency has made positive progress in providing improvements to its operations, services and meeting financial performance in the 2002/2003 fiscal year, while operating under the Special Operating Agency (SOA) initiative.

I am pleased with the success of the Agency and encouraged by the commitment of its employees and the support of its stakeholders.

Respectfully submitted,

Gerry Berezuk
Deputy Minister and Chairperson of
the LMS Advisory Board

Mission Statement

Land Management Services is committed to providing quality comprehensive land management services to various levels of Government Departments, Boards, Commissions, Corporations, Agencies and Clients.

Manitoba

Mission Statement

Land Management Services is committed to providing quality comprehensive land management services to various levels of Government Departments, Boards, Commissions, Corporations, Agencies and Clients.

Manitoba

Message from the Chief Operating Officer

On behalf of the management and staff, I am pleased to report on the activities, challenges and opportunities of Land Management Services (LMS).

2002/2003 represents the eighth year of operation for LMS as a Special Operating Agency (SOA).

LMS has identified succession planning and staffing as critical to the Agency's performance, and is in the process of implementing strategies to ensure a continuity of service and delivery through internal re-organization, and the hiring and training of new staff prior to pending retirements. Within this reporting year alone, LMS has lost 105 years of experience from just three retirements.

Highlights of the Year:

The Agency continues to be successful in the Assessment Review area within the City of Winnipeg, achieving a reduction in assessment of $7,974,550 from 104 properties appealed. Total assessment reductions achieved by the Agency to date are $193,000,000 with annualized savings of $9,650,000.

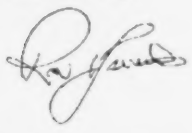
The Agency's number one priority on behalf of Manitoba Transportation for 2002/2003 was the acquisition of right-of-way for PTH #16 between Neepawa and Minnedosa, involving 59 properties and 103.30 acres of land.

LMS continues to be involved in acquiring right-of-way for the Department of Conservation, Water Branch as well as providing site demolition-restoration-cleanup.

LMS is an active participant in the sustainable development initiative, increasing the use of ethanol blended fuels from 38%-97%, based on the number of litres purchased; recycled ink cartridges, shredded paper is recycled off site and all paper purchased is 30% post consumer.

As the Chief Operating Officer, I commend the staff for their energy, ideas and contribution in making the Agency a success and creating an enviable work environment. While our new employees are the Agency's future, I acknowledge and thank those employees who have retired after many years of service, some of whom exceed 30 years. Their experience is irreplaceable.

Respectfully,



Rae P. Csversko
Chief Operating Officer, B.A., AACI, P.App

1 Agency Profile

1.1 Mandate

The Land Acquisition Branch was created in 1965 as part of the then Department of Public Works. The Land Acquisition Act was passed into law in the same year to bring consistency and uniformity to the process of real estate acquisition by Government. Part I of The Land Acquisition Act established the Land Acquisition Branch and Part II established the Land Value Appraisal Commission.

The Land Acquisition Branch was made responsible for the appraisal and acquisition of real property for Departments and Government Agencies, as well as the disposal of surplus buildings and land acquired on behalf of Government by the Branch.

The head office was decentralized to Portage la Prairie in April 1993 with a regional office continuing to be located in Dauphin, with appraisers located in Winnipeg, Dauphin and Portage la Prairie.

Under the Act, the Minister responsible for the Branch is in charge of all matters relating to the acquisition of land or the expropriation of land by any authority. However, this does not include The Manitoba Agricultural Credit Corporation, The Manitoba Development Corporation or any utility.

1.2 Agency Development

In the mid to late 1950's, the Manitoba Government embarked on three of the largest land acquisition programs in Provincial history. Those projects involved the purchase of land for the Greater Winnipeg Floodway, Bird's Hill Provincial Park and the Perimeter Highway around the City of Winnipeg.

The acquisition programs were undertaken by three separate provincial entities. The land for the Greater Winnipeg Floodway was acquired by a "Floodway Property Committee"; the land for Bird's Hill Provincial Park was purchased by staff from the "Crown Lands" section of the then Department of Natural Resources; and the Perimeter Highway was purchased by staff in the "Right of Way" section of the Highways Branch of the then Department of Public Works.

As each acquisition program progressed, it was determined that there was little consistency in the compensation paid for comparable land, by each entity. In fact, in some cases, the Floodway and Perimeter Highway projects affected the same landowners. However, some of those owners received different compensation from each group for comparable land.

In an effort to bring consistency and uniformity to the process of real estate acquisition by Government, The Land Acquisition Act (the Act) was passed into law in 1965. That Legislation created The Land Acquisition Branch (the Branch) and The Land Value Appraisal Commission (the LVAC). The Branch was made responsible for negotiating all land purchases by the Provincial Government departments and agencies, with the exception of The Manitoba Agricultural Credit Corporation, and Manitoba Development Fund and utilities.

The Act established specific duties and functions to be followed by the Branch when purchasing land for Government purposes. The LVAC reviewed all purchases and arbitrated compensation disagreements, to ensure all property owners received fair compensation.

It soon became evident that the new uniform procedures for purchasing land by Government developed a sense of trust in the minds of affected landowners, and produced a willingness to negotiate the sale of their property without the Government resorting to the more costly, and often criticized method of expropriating land for Provincial projects.

1 Agency Profile

Effective April 1, 1995, the Land Acquisition Branch, using the operating name of Land Management Services, was designated as a Special Operating Agency under the Special Operating Agencies Financing Authority Act, Cap.S185, C.C.S.M., and operates pursuant to a charter approved by the Lieutenant Governor in Council.

LMS continues to be part of Transportation and Government Services under the general direction of the Assistant Deputy Minister, Supply and Services Division, and the policy direction of the Deputy Minister of Government Services and Emergency Measures and the Minister of Transportation and Government Services. The operations of the Agency continue to be subject to relevant legislation, regulations, and administrative policy, except where specific exemptions have been provided for in its charter to meet business objectives. LMS is economically dependent on the Province of Manitoba as it receives most of its revenues and all of its capital financing requirements from the Province.

The daily operations of LMS are managed by the Chief Operating Officer, who reports directly to the Assistant Deputy Minister of Supply and Services, a Division of Transportation and Government Services. The Chief Operating Officer provides quarterly financial reports, operational status reports, annual business plans and annual reports, to the Advisory Board for review and to the Minister for final approval.

The Advisory Board has commended the Agency for its past performance and achievements.

1.3 Our Mission

To provide comprehensive land management services to various levels of governments, departments, boards, commissions, corporations, agencies and clients.

1.4 Our Goal

To be the principal supplier of a centralized, all-inclusive real estate service to the public sector using an optimal blend of internal and external resources.

1.5 Our Objectives

Long-Term Agency Objectives

- To be a proactive participant in identifying properties surplus to government requirements.
- To market for sale, all properties identified as surplus to government requirements, and to assist clients by leasing those properties not immediately required for program activities.
- To review the appropriateness of assessments levied against government properties and recommend those clients file appeals as required.
- To provide efficient and effective real estate services that offer better value for money than clients could otherwise achieve.
- To achieve financial and other performance targets as the Minister may from time to time decide, through consultation with the Deputy Minister and the Assistant Deputy Minister.
- To run Agency operations, as far as practical, according to best business practices.
- To maintain and renew equipment and other assets, in light of operational needs, using appropriate methods of investment.
- To follow best public and private sector employment practices and to improve staff involvement to the greatest degree practicable, in all aspects of operations.
- To continually assess the Agency's policies and procedures in relation to overall efficiency and effectiveness.

Short Term Objectives

- To successfully implement succession planning to ensure continuity of service.
- To implement LMS's marketing strategy that enhances customer base and reliance.
- To ensure that an accessible, safe and secure environment is maintained for all record storage.
- To stabilize and expand LMS's information technology to enhance services and diverse marketing tools.

1.6 Operational Review

As forecasted the fiscal year of 2002/2003 continues to be a transitional period for Land Management Services. The Agency had recognized, defined and is in the process of implementing strategies to ensure continuity of service and delivery in the same high degree of expertise and service its clients expect and rely on. This is being accomplished by internal re-organization, and the hiring and training of replacement staff prior to retirement of current staff. This process will continue into the 2003/2004 fiscal year.

The Agency has continued to deliver on its normal service commitments to fulfill programs as directed by its clients. As well, LMS has been involved with specialized programs with the Manitoba Lotteries Corporation, as well as completing real estate appraisals, including both market value and insured value for Property Management with Manitoba Public Insurance, and continued negotiations on Aboriginal land transactions.

1.7 Systems: Information and Technology Plan

The Agency concentrated efforts to improve the technology as recognized in its long-term plan. In 2002/2003 LMS focused on improving the technical and administrative issues that house the Agency's information. Steps were implemented to increase computing capacity and splitting functions so the integrity of the system would be maintained. This was necessary because of the large amount of information handled and increased computing capacity requirements just to maintain regular software upgrades, and to maintain the stability of the system. LMS will continue to implement its long-term plan in the next fiscal year to achieve its goals.

Data conversion of 48,000 legal pockets for the protection of vital information continues, with completion at approximately fifty-four (54%) percent. The process is to move this data onto compact disc for permanent back up storage of the paper documents and to then transfer this information to a storage medium where the database of the historical transactions can be accessed by the Agency employees for future reference. The number of average pages per pocket for the year has remained stable at 24 pages, the original estimate on commencement of the project was five pages per pocket. Transfer of this information to the storage medium was planned to take place this year, however is has been delayed and is expected to begin next fiscal year.

1.8 Human Resources

LMS identified succession issues early on and continues implementing its plan of action. The Agency is replacing staff prior to retiring personnel leaving so the training and transfer of knowledge may take place in an orderly fashion. Re-organization of the work structure to reflect workflow more accurately, reduce redundancy and improve efficiencies are all items being addressed. This process also takes into account the change in client requirements, employee replacement expertise, and cross training for a more flexible workforce.

LMS continues to nurture employee involvement, fostering an environment of employee empowerment. This is being accomplished by employee development through education, implementing ideas and procedures brought forward from staff via regular meetings and encouraging discussions with individuals whose suggestions may resolve problems, issues, or increase efficiencies. New staff in all areas of the Agency have brought a new perspective creating a fresh and vibrant atmosphere.

1.9 Marketing

The Agency has purposely delayed implementation of the defined marketing strategy of employing a marketing professional to identify new clients, communicate the services offered and survey existing clientele for Agency performance. This decision was based on the premise the Agency did not currently have the ability to train new staff properly, complete current workload, complete expected regular client demands, and expand simultaneously. Therefore the Agency, rather than risk not meeting regular client requirements or new client demands, made the choice of delaying implementation of the identified business plan strategy. Once the resources have been re-established the Agency will initiate action in this area. At present, the Chief Operating Officer is the Agency's primary marketing resource.

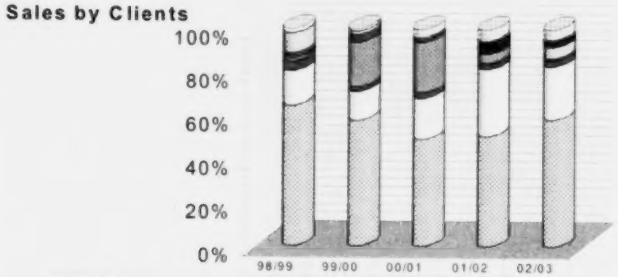
LMS recognizes the importance of this issue, as an analysis of our sales (Chart 1) over the last six years substantiates what has been stipulated in our business plan. Our market has been impacted due to reductions in departmental budgets and programs that directly affect the Agencies revenue earning capabilities.

Chart 1

	97/98	98/99	99/00	00/01	01/02	02/03
Special Projects	$190,838	$350,139	$110,089	$35,213	$33,031	$0
Processing	$925,290	$682,271	$1,054,225	$1,057,459	$655,877	$551,311
Appraisal	$1,318,840	$1,514,983	$1,398,228	$1,873,818	$1,197,764	$1,078,230
Sales & Leasing	$156,938	$239,828	$173,538	$186,090	$322,892	$332,234
TOTAL	$2,591,906	$2,787,221	$2,736,080	$3,152,579	$2,209,564	$1,961,775

An analysis of our client base (Chart 2) over the last five years also substantiates the above. Transportation remains the largest client with Conservation increasing in the past two years due to the flood programs. With decreasing revenues brought about by fiscal restraints resulting in diminished programs in the areas LMS provides its services, the Agency needs to diversify its client base to generate additional revenue from other departments.

Chart 2



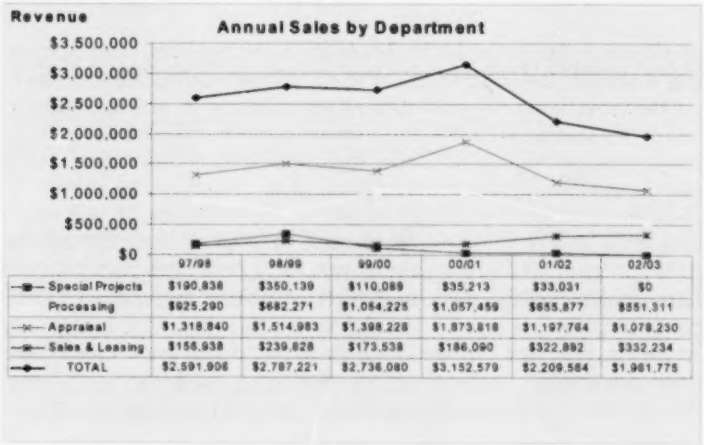
	98/99	99/00	00/01	01/02	02/03
Misc Sales	0%	0%	4%	5%	5%
Department of Health	2%	1%	0%	0%	0%
Manitoba Lotteries	0%	0%	1%	6%	3%
Family Services & Housing	9%	2%	0%	0%	5%
EMO	2%	4%	1%	0%	1%
University/Colleges	1%	21%	23%	4%	0%
Manitoba Gov't Services	4%	2%	3%	3%	3%
Manitoba Conservation	17%	14%	19%	31%	25%
Manitoba Highways	65%	58%	49%	50%	58%

1.9 Marketing

The Agency has purposely delayed implementation of the defined marketing strategy of employing a marketing professional to identify new clients, communicate the services offered and survey existing clientele for Agency performance. This decision was based on the premise the Agency did not currently have the ability to train new staff properly, complete current workload, complete expected regular client demands, and expand simultaneously. Therefore the Agency, rather than risk not meeting regular client requirements or new client demands, made the choice of delaying implementation of the identified business plan strategy. Once the resources have been re-established the Agency will initiate action in this area. At present, the Chief Operating Officer is the Agency's primary marketing resource.

LMS recognizes the importance of this issue, as an analysis of our sales (Chart 1) over the last six years substantiates what has been stipulated in our business plan. Our market has been impacted due to reductions in departmental budgets and programs that directly affect the Agencies revenue earning capabilities.

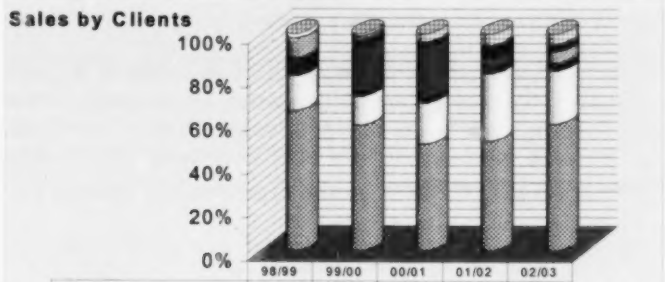
Chart 1



	97/98	98/99	99/00	00/01	01/02	02/03
Special Projects	$190,838	$350,139	$110,089	$35,213	$33,031	$0
Processing	$925,290	$682,271	$1,054,225	$1,057,459	$655,877	$851,311
Appraisal	$1,318,840	$1,514,983	$1,398,226	$1,873,818	$1,197,764	$1,078,230
Sales & Leasing	$156,938	$239,828	$173,538	$186,090	$322,892	$332,234
TOTAL	$2,591,906	$2,787,221	$2,736,080	$3,152,579	$2,209,564	$1,961,775

An analysis of our client base (Chart 2) over the last five years also substantiates the above. Transportation remains the largest client with Conservation increasing in the past two years due to the flood programs. With decreasing revenues brought about by fiscal restraints resulting in diminished programs in the areas LMS provides its services, the Agency needs to diversify its client base to generate additional revenue from other departments.

Chart 2



	98/99	99/00	00/01	01/02	02/03
Misc.Sales	0%	0%	4%	5%	5%
Department of Health	2%	1%	0%	0%	0%
Manitoba Lotteries	0%	0%	1%	6%	3%
Family Services & Housing	9%	2%	0%	0%	5%
EMO	2%	4%	1%	0%	1%
University/Colleges	1%	21%	23%	4%	0%
Manitoba Gov't Services	4%	2%	3%	3%	3%
Manitoba Conservation	17%	14%	19%	31%	25%
Manitoba Highways	65%	58%	49%	50%	58%

2 Operational Status

2.1 Appraisal and Acquisition Activities

The focus of service within this area is the appraisal and valuation of land, negotiation of real property acquisitions, and review of property assessments levied.

The goals of this business area are:

1) To provide all appraisal/negotiations relative to the acquisition of land by an authority/client.
   - LMS has been able to deliver on all requests for the appraisal/negotiations of land by the authority/client.

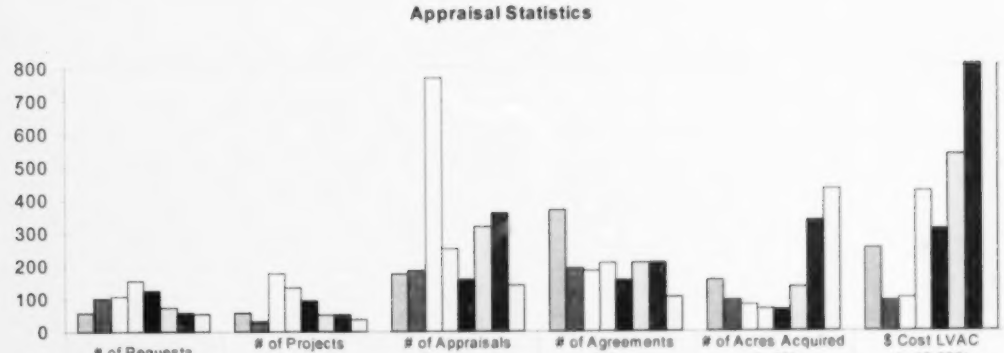
2) To provide land appraisals and related consulting services upon the request of an authority/client.
   - This goal is being achieved; delivery of services is being maintained through the implementation of its succession plan in a structured manner. The Agency will continue to meet this target by finding qualified staff to replace retiring staff as planned.

There has been an interesting trend developing in this business area that encompasses two distinct types of client requests. Upon review of the operational statistics in Chart 3 a dramatic decrease can be noted in the last two years in the number of requests and projects and a decrease this year in the number of appraisals completed and agreements taken. However, the number of acres and the cost to acquire this property has risen dramatically. This is a result of reduced programs but increased complexity resulting in extended timelines to complete current program projects.

The Agency has also expanded its services in the appraisal of commercial/industrial properties. The nature and scope of these appraisals dictate increased timelines for completion in relation to normal rural right-of-way acquisitions. The trend in general, however, has been for increasingly complex acquisition projects, highly technical appraisals that will withstand the scrutiny of the courts and a more informed public. All these factors have increased costs and extended timelines.

Of the 140 appraisals completed, 10 are related to commercial properties, with another 15 commercial appraisals in progress. Of the 102 Agreements taken this fiscal year 84 were for Transportation and 15 were for Conservation. The majority of the Transportation agreements dealt with PTH 16 (the largest with 36 agreements), and the remainder distributed between four smaller projects. Conservation agreements dealt mainly with the Grande Pointe, Ste Agathe, and Aubigny dyke improvements.

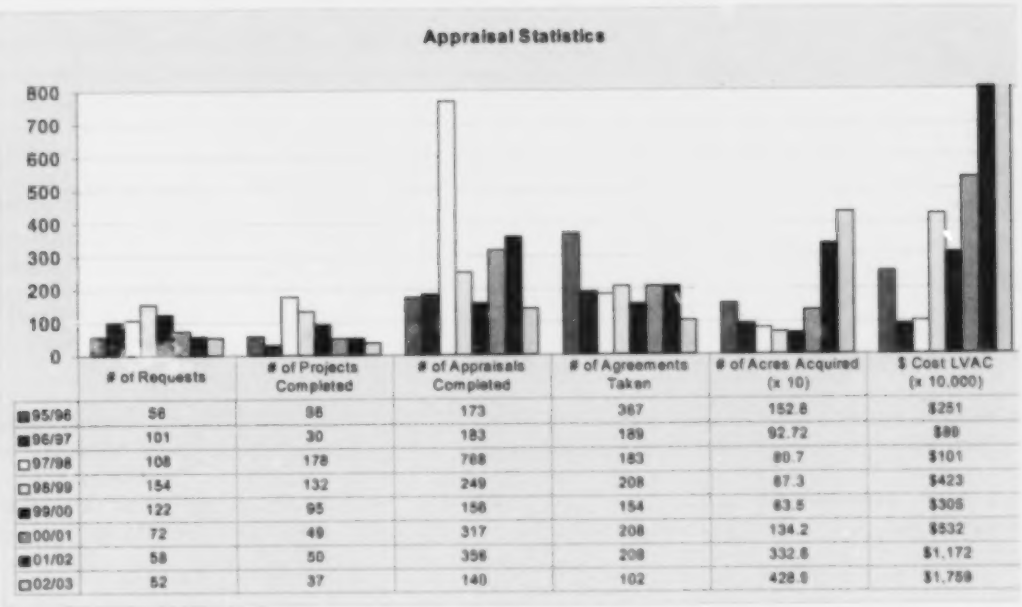
Chart 3



	# of Requests	# of Projects Completed	# of Appraisals Completed	# of Agreements Taken	# of Acres Acquired (x 10)	$ Cost LVAC (x 10,000)
95/96	56	56	173	367	152.8	$251
96/97	101	30	183	189	92.72	$89
97/98	108	178	768	183	80.7	$101
98/99	154	132	249	208	67.3	$423
99/00	122	95	156	154	63.5	$305
00/01	72	49	317	208	134.2	$532
01/02	58	50	356	208	332.6	$1,172
02/03	52	37	140	102	428.9	$1,759

The Agency continues to be successful in the Assessment review area, 104 properties received a reduction in assessments totaling $7,974,550. Total assessment reductions achieved by the Agency to date accumulates to $193,000,000, which converts to an estimated annualized savings of $9,650,000. The Agency remains confident more savings could be generated for the Provincial Government given the opportunity to represent client departments.

Chart 3



	# of Requests	# of Projects Completed	# of Appraisals Completed	# of Agreements Taken	# of Acres Acquired (x 10)	$ Cost LVAC (x 10,000)
95/96	56	86	173	367	152.8	$251
96/97	101	30	183	189	92.72	$89
97/98	108	178	768	183	80.7	$101
98/99	154	132	249	208	87.3	$423
99/00	122	95	156	154	83.5	$306
00/01	72	49	317	208	134.2	$532
01/02	58	50	356	208	332.6	$1,172
02/03	52	37	140	102	428.9	$1,759

The Agency continues to be successful in the Assessment review area, 104 properties received a reduction in assessments totaling $7,974,550. Total assessment reductions achieved by the Agency to date accumulates to $193,000,000, which converts to an estimated annualized savings of $9,650,000. The Agency remains confident more savings could be generated for the Provincial Government given the opportunity to represent client departments.

2.2 Processing Activities

The focus of service in this area is the completion of all paralegal work necessary to convey ownership and/or registrar interests in land and ensures compliance with statutory requirements on behalf of clients. This includes the production of all legal documentation required to ensure policies, procedures, and statutory requirements are met when acquiring real property through agreement or expropriation. This business area also directs all payments from the client department to the beneficiary.

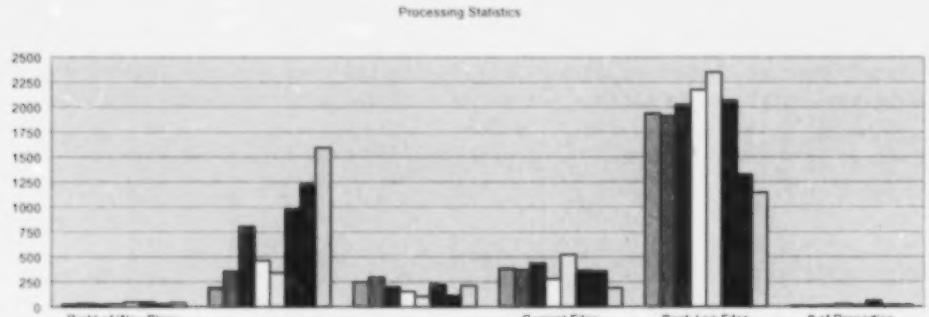
The goals of this business area are:

1) To have LMS Project Reporting Database available to all our clients over the web.
   - This goal was postponed due to the requirements necessary to maintain the integrity of current infrastructure in the Agency's information environment.
2) To process current files within 60 days of Land Value Appraisal Commission certification.
   - This goal is being achieved, but the reporting system to be developed to quantify this has been delayed to the next fiscal year.
3) To successfully implement succession re-organization.
   - This business area continues implementing transitional procedures, with the training of new employees and new duties assigned associated with succession/reorganization. This business area is now closely associated with Sales and Leasing, and both areas now report to a single manager under the designation of Property Administration. This move will increase efficiencies by allowing staff to conclude a file rather than transfer to another business area for completion.

Completing the clean up of a large backlog of files dealing with historical transactions is ongoing. The amount of files processed is directly related to the funding allocated to LMS by the client departments affected.

The result of fewer staff than normally employed, greater training time due to new staff, and a different mix of hours charged verses standard service charges by the department resulted in decreased revenues in this area also. Both revenues (Chart 1) and processing activities (Chart 4) have declined; The Agency anticipates a stabilization of client requests for services and forecasts an increase in future years.

Chart 4



	Right of Way Plans Certified	Hours Billed	Other Files Processed	Current Files Processed	Back Log Files Proceed	# of Properties Expropriated
95/96	24	191	246	381	1932	7
96/97	33	352	292	389	1910	8
97/98	23	801	198	437	2018	13
98/99	27	460	151	278	2170	27
99/00	44	341	105	522	2347	14
00/01	43	980	223	361	2064	56
01/02	27	1224	111	357	1323	16
02/03	42	1589	212	189	1141	15

A recap of the year's performance indicates that the section finalized 1,330 files consisting of 189 current files and 1,141 backlog files. There were 375 survey plans registered, 42 survey plans certified for registration, 15 owners have been expropriated on four projects and 1,589 hours of work have been performed on behalf of clients. An additional 212 files requiring miscellaneous processing functions at the request of client departments or affected owners were completed.

2.3 Sales and Leasing Activities

The business area's function is to perform all activities relating to the disposition of surplus properties by way of sale or lease as well as site restoration/demolition work to provide a clean site. This is undertaken in accordance with policies and procedures approved by Treasury Board.

The goals of this business area are:

1) To provide an effective, efficient and timely resource for clients, with regard to the disposition of their properties.
   - This business area has been able to consistently meet all procedural timelines for the disposition of properties.
   - Along with these duties they have been able to complete all leases with the St. Mary's Road project in a timely manner.
   - The current expropriation expertise is located within the Sales & Leasing area, and the training and transfer of knowledge to the Processing staff in conjunction with succession planning has been integral prior to a pending retirement. This area has been able to meet and exceed all deadline requirements to complete expropriation timelines as set out under the expropriating act.
2) To identify and review 100 properties that may be considered surplus to clients requirements.
   - This has not been achieved to date, steps have been taken in identifying a plan of action and the procedures required to accomplish this.

Activity in terms of the number of properties sold and revenues generated slightly increased from the previous year but is well under average for the last eight years (Chart 5 & 6). There are a few properties of high value where much time and effort has been expended, however, the transactions have not been completed to date.

The Agency has carried a reserve fund of $200,000 allocated from its retained earnings specifically to cover any disposition costs (fees and disbursements) which will exceed the value generated by the sales (selling price) of surplus crown land offered for sale. This reserve was utilized for the first time. The Agency expects to recover and replenish this reserve once the transactions are complete.

The service of site demolition–restoration-clean up continued, completing four demolition projects including the restoration of 28 building sites. Continued inquiries and utilization of these services verifies the Agency's previous analysis that a market exists for these services and efforts to capitalize on this market will continue.

Chart 5

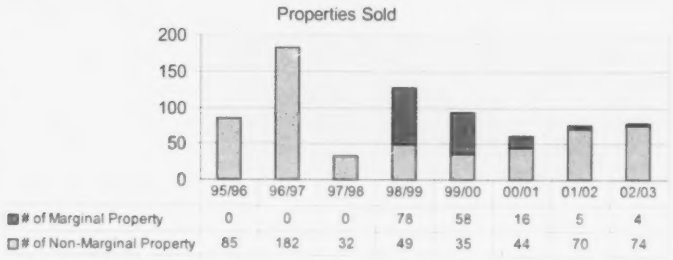
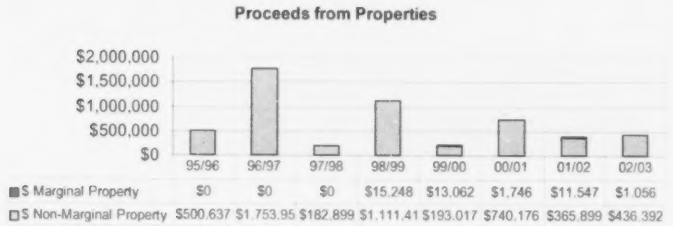


Chart 6



2.3 Sales and Leasing Activities

The business area's function is to perform all activities relating to the disposition of surplus properties by way of sale or lease as well as site restoration/demolition work to provide a clean site. This is undertaken in accordance with policies and procedures approved by Treasury Board.

The goals of this business area are:

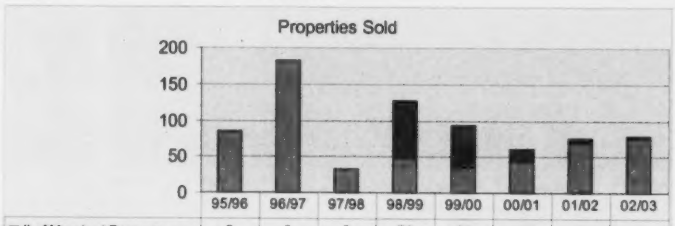
1) To provide an effective, efficient and timely resource for clients, with regard to the disposition of their properties.
   - This business area has been able to consistently meet all procedural timelines for the disposition of properties.
   - Along with these duties they have been able to complete all leases with the St. Mary's Road project in a timely manner.
   - The current expropriation expertise is located within the Sales & Leasing area, and the training and transfer of knowledge to the Processing staff in conjunction with succession planning has been integral prior to a pending retirement. This area has been able to meet and exceed all deadline requirements to complete expropriation timelines as set out under the expropriating act.
2) To identify and review 100 properties that may be considered surplus to clients requirements.
   - This has not been achieved to date, steps have been taken in identifying a plan of action and the procedures required to accomplish this.

Activity in terms of the number of properties sold and revenues generated slightly increased from the previous year but is well under average for the last eight years (Chart 5 & 6). There are a few properties of high value where much time and effort has been expended, however, the transactions have not been completed to date.

The Agency has carried a reserve fund of $200,000 allocated from its retained earnings specifically to cover any disposition costs (fees and disbursements) which will exceed the value generated by the sales (selling price) of surplus crown land offered for sale. This reserve was utilized for the first time. The Agency expects to recover and replenish this reserve once the transactions are complete.

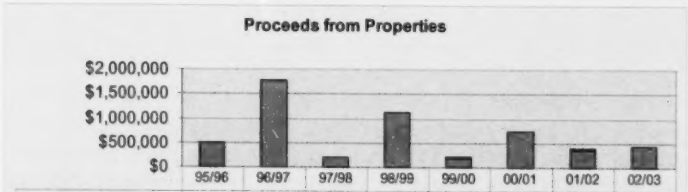
The service of site demolition–restoration-clean up continued, completing four demolition projects including the restoration of 28 building sites. Continued inquiries and utilization of these services verifies the Agency's previous analysis that a market exists for these services and efforts to capitalize on this market will continue.

Chart 5



	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
# of Marginal Property	0	0	0	78	58	16	5	4
# of Non-Marginal Property	85	182	32	49	35	44	70	74

Chart 6



	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03
$ Marginal Property	$0	$0	$0	$15,248	$13,062	$1,746	$11,547	$1,056
$ Non-Marginal Property	$500,637	$1,753,95	$182,899	$1,111,41	$193,017	$740,176	$365,899	$436,392

3 Future Outlook & Trends

3.1 Business Trends

Market Overview: The general overview is that the majority of LMS clients are under fiscal restraints, thereby reducing the number of new initiatives undertaken. As LMS's revenue is dependent on new department programs provided by the implementation of Government initiatives, it is forecasting lower client demands for services.

Appraisal and Acquisition: The general business trend over the past six years has been in the direction of providing increased professional appraisal/consulting services to clients that are not right-of-way based. This has coincidentally offset the declining requests for appraisal and acquisition of right-of-way by Manitoba Transportation.

The primary users of detailed appraisal reports are Manitoba Transportation, Family Services and Housing, Manitoba Public Insurance Corporation and Manitoba Conservation. Secondary users would include Local Government Districts, Manitoba Habitat Heritage Corporation, Manitoba Government Services, Conservation Districts and other singular interest groups.

In addition, LMS is working with the Department of Conservation Parks and Natural Areas in providing appraisals of remote camps on leased Crown Land and with the Crown Lands Branch regarding the appraisal of northern cottage lot sites.

As a result of 9-11, and the importance of Risk Management, LMS is ideally positioned to provide professional appraisal consulting services to various Government departments. Many providers of insurance appraisals are located out of province, and offer a generic product which may tend to overstate building replacement costs resulting in inflated insurance costs. The Agency has the human and technical resources to provide a superior product, on a cost competitive basis. The Agency has been retained by Manitoba Public Insurance Corporation to provide insurance appraisals of its entire claim centres property portfolio.

An important ancillary benefit of such projects would be the completion/enhancement of the provincial property database. These enhanced databases would facilitate other asset management activities, such as Financial Management, Sales and Leasing and Assessment Audit/Review. It is considered prudent to continue this avenue of business as it is a logical component of the Asset Management Proposal.

It is important to note that the historic Red River Flood of 1997 provided LMS with a unique opportunity to provide specialized appraisal/acquisition services under unusual and difficult conditions, while maintaining integrity, confidentiality and uniformity in the process. LMS believes it is well positioned to provide a comparable service for the proposed expansion of the Red River Floodway.

Property Administration: As a result of socio-economic initiatives in Government, property acquisitions are not anticipated to increase in the short term. To better position the Agency and provide continued quality services, the Processing and Sales & Leasing business areas are linked under this business unit.

> *Processing:* Each unit member will be cross trained to provide service delivered in each component to include both paralegal functions when a property is acquired by mutual agreement or expropriation, and disposal services when improvements on that property or surplus property are to be disposed with.
>
> *Sales and Leasing:* Continue to investigate opportunities and offer improved property management services.

3.2 Impact Overview

LMS is the only Agency in Government that can provide an all inclusive real estate service. Other departments/corporations in Government provide partial services of a similar nature for their internal use. LMS, through the creation of a new marketing position, will take a proactive approach in identifying to those agencies, departments and corporations, that benefits would accrue by utilising LMS services. Expected benefits are the reduction of duplication of services, anticipated cost savings to Government by creating greater efficiencies, and uniformity in the delivery of real estate services.

LMS has been addressing quality service issues and has set a goal to be the "supplier of choice". LMS has had a large degree of success in regaining business from client departments.

4 Financial Highlights – 2002/03

FINANCIAL HIGHLIGHTS		(000's) Mar. 31/03	(000's) Mar. 31/02
Income Statement	Income Before Expenses	1,976	2,219
	Expenses	2,297	2,067
	Net Earnings (Loss)	(321)	152
Balance Sheet	Working Capital	(69)	472
	Total Assets	1,371	1,961
	Total Liabilities	1,067	1,087

5 Performance Highlights – 2002/03

PERFORMANCE HIGHLIGHTS		Mar. 31/03	Mar. 31/02
Appraisal	Agreements Certified	102	208
	Appraisals Completed	140	356
Processing	Files Finalized	1,141	1,323
	Current Processing	189	357
Sales & Leasing	Proceeds – Sale of Surplus Property [1,2]	$437	$377
	Expropriations	15	16

(1) *Purchase price (before adjustments for taxes and LMS fees) with net proceeds returned to Consolidated Fund, includes rent for properties leased. Revenue generated is dependent on availability and marketability of properties determined to be surplus by LMS's clientele.*

(2) *Assessed/appraised property values not collected for property(s) transferred between Government Departments and other levels of Governments. This amount is in addition to Sale of property proceeds (1). Properties transferred between Government Departments are normally transferred with the receiving Department paying LMS's disposal fees and not the assessed/appraised value of the property.*

6 Management Discussion & Analysis

ACTUAL TO BUDGET FINANCIAL ANALYSIS

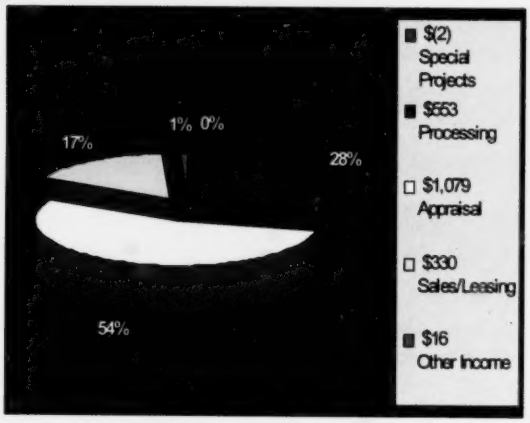
Revenues:

LMS offers professional real estate services on a fee-for-service basis, providing an economical rate structure as compared to the private sector, additionally supplying support activities to its clients that are unavailable from existing private sector services. As described in the operational status, LMS is segmented into four client service sections, the Appraisal section, the Processing (Paralegal) section, the Sales & Leasing section, and Special Projects (Administration) section, which handles special requests or projects whose service requirements are not in the norm of the services provided by the other sections.

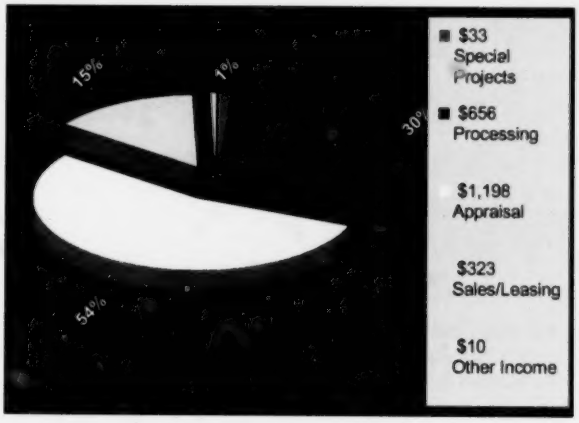
The 2002/2003 fiscal year generated slightly lower than forecasted gross revenues of $1,977 for the fiscal year, resulting in a reduced revenue to budget shortfall of $(106) and $(242) from the previous year. Revenues were expected to be lower this fiscal year with reduced staff and loss of billable time through experienced staff taking time to educate and train new staff members and the inability to charge full hours by new employees when they are training.

Source of Revenues (000's)

2002/03



2001/02

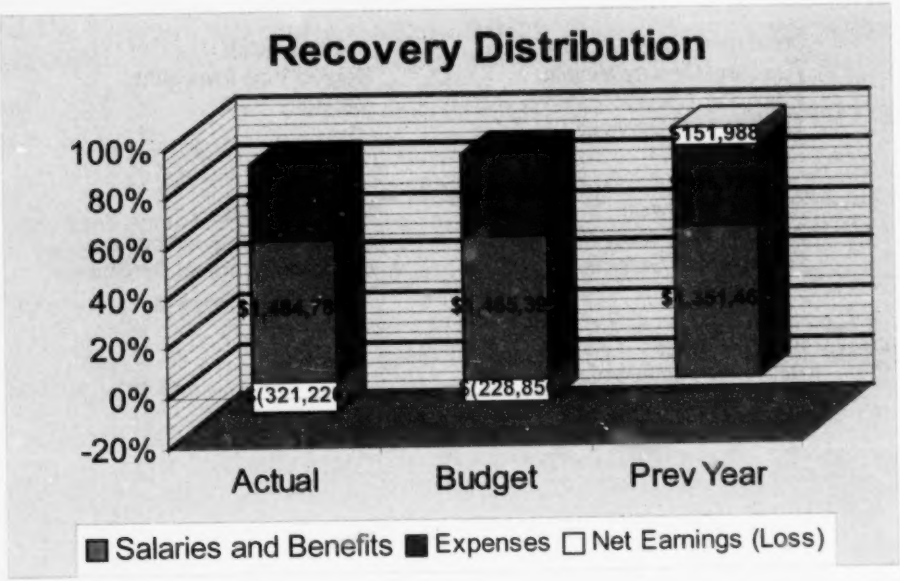


Expenses:

- **Salaries and Benefits:** The results were on target with actual being $13 over forecast on a total actual of $1,485. This was $133 over previous year a direct result of succession planning.

- **Administrative Expenses:** Total expenses accumulated to $813, a minimal reduction to budget of $(33) and $97 over the previous year's expenses. With reduced revenues, expenses were monitored and successful implementation of cost saving measures were instituted.

A major portion ($129) of the administrative expenses totaling $682 can be attributed to the Agency's efforts directed to the sale of properties over the past few years. Without the assurance these costs will be recouped in the near future, a decision was made to recognize them in the current year. Land Management Services forecasted a net loss of $(229) for the fiscal year due to the implementation of succession plans. The actual net loss was $(321) or $92 over forecast. This additional net loss is attributed to the initiatives undertaken now by Government, with the expectation of future returns. The Agency still faces many challenges but is confident that it will meet the goals, objectives and budgets for the coming year and will complete the succession plans as presented in the 2003/2004 Business Plan.



6 Management Discussion & Analysis

ACTUAL TO BUDGET FINANCIAL ANALYSIS

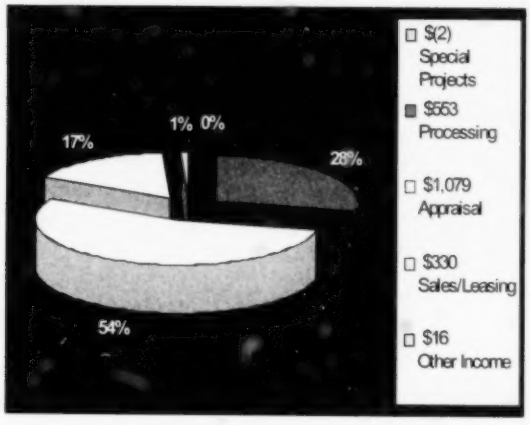
Revenues:

LMS offers professional real estate services on a fee-for-service basis, providing an economical rate structure as compared to the private sector, additionally supplying support activities to its clients that are unavailable from existing private sector services. As described in the operational status, LMS is segmented into four client service sections, the Appraisal section, the Processing (Paralegal) section, the Sales & Leasing section, and Special Projects (Administration) section, which handles special requests or projects whose service requirements are not in the norm of the services provided by the other sections.

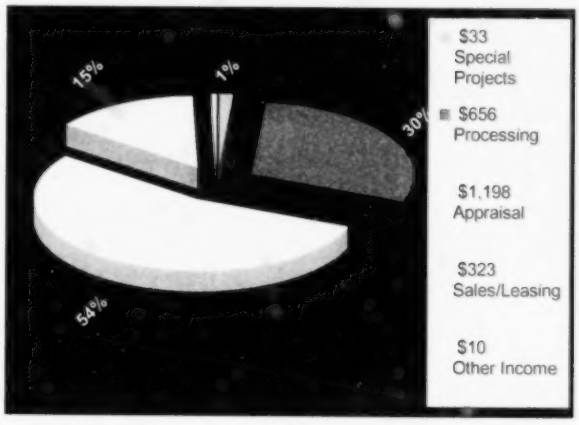
The 2002/2003 fiscal year generated slightly lower than forecasted gross revenues of $1,977 for the fiscal year, resulting in a reduced revenue to budget shortfall of $(106) and $(242) from the previous year. Revenues were expected to be lower this fiscal year with reduced staff and loss of billable time through experienced staff taking time to educate and train new staff members and the inability to charge full hours by new employees when they are training.

Source of Revenues (000's)

2002/03



2001/02

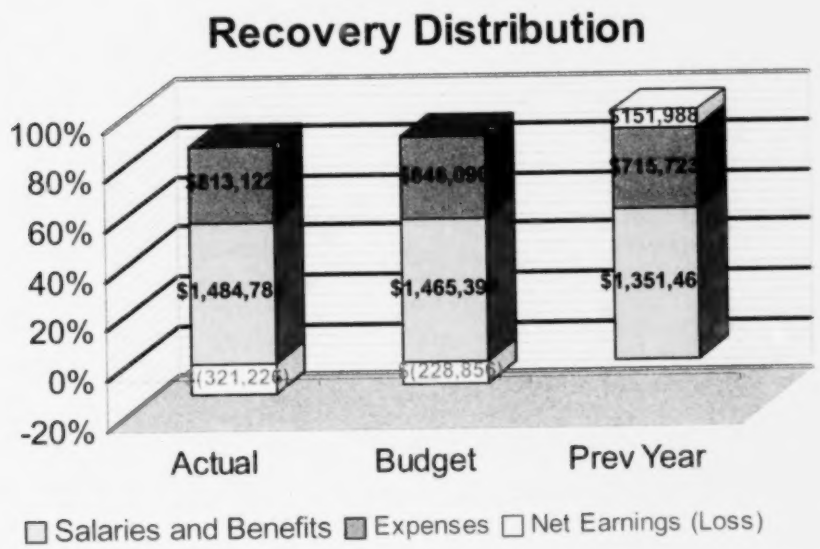


Expenses:

- **Salaries and Benefits:** The results were on target with actual being $13 over forecast on a total actual of $1,485. This was $133 over previous year a direct result of succession planning.

- **Administrative Expenses:** Total expenses accumulated to $813, a minimal reduction to budget of $(33) and $97 over the previous year's expenses. With reduced revenues, expenses were monitored and successful implementation of cost saving measures were instituted.

A major portion ($129) of the administrative expenses totaling $682 can be attributed to the Agency's efforts directed to the sale of properties over the past few years. Without the assurance these costs will be recouped in the near future, a decision was made to recognize them in the current year. Land Management Services forecasted a net loss of $(229) for the fiscal year due to the implementation of succession plans. The actual net loss was $(321) or $92 over forecast. This additional net loss is attributed to the initiatives undertaken now by Government, with the expectation of future returns. The Agency still faces many challenges but is confident that it will meet the goals, objectives and budgets for the coming year and will complete the succession plans as presented in the 2003/2004 Business Plan.



7 Advisory Board

Supporting the Initiative: The Advisory Board's role in support of the Agency is to offer advice and direction on short and long-term strategic planning, management and reporting, as well as issues of concern to our customers and to the private and public sectors. The Board meets quarterly to review the Agency's Financial Reports, and annually to review the Business Plan, Annual Report, and any planned changes to the Agency Charter.

CHAIR

Gerry Berezuk
Deputy Minister
Government Services & Emergency Measures

MEMBERS

Private Sector Representatives	Norm Fiske Retired Partner Sill & Company	Raymond West Retired Chairman of the Board A.E. McKenzie Co. Ltd.
Client Representatives	John Hosang Assistant Deputy Minister Manitoba Transportation & Government Services	Al Macatavish Retired Vice President Manitoba Hydro
Ex Officio	Tracey Danowski A/Assistant Deputy Minister Government Services	Rae P. Csversko Chief Operating Officer Land Management Services
Staff Representative	Fazil Bacchus Property Administrator Land Management Services	

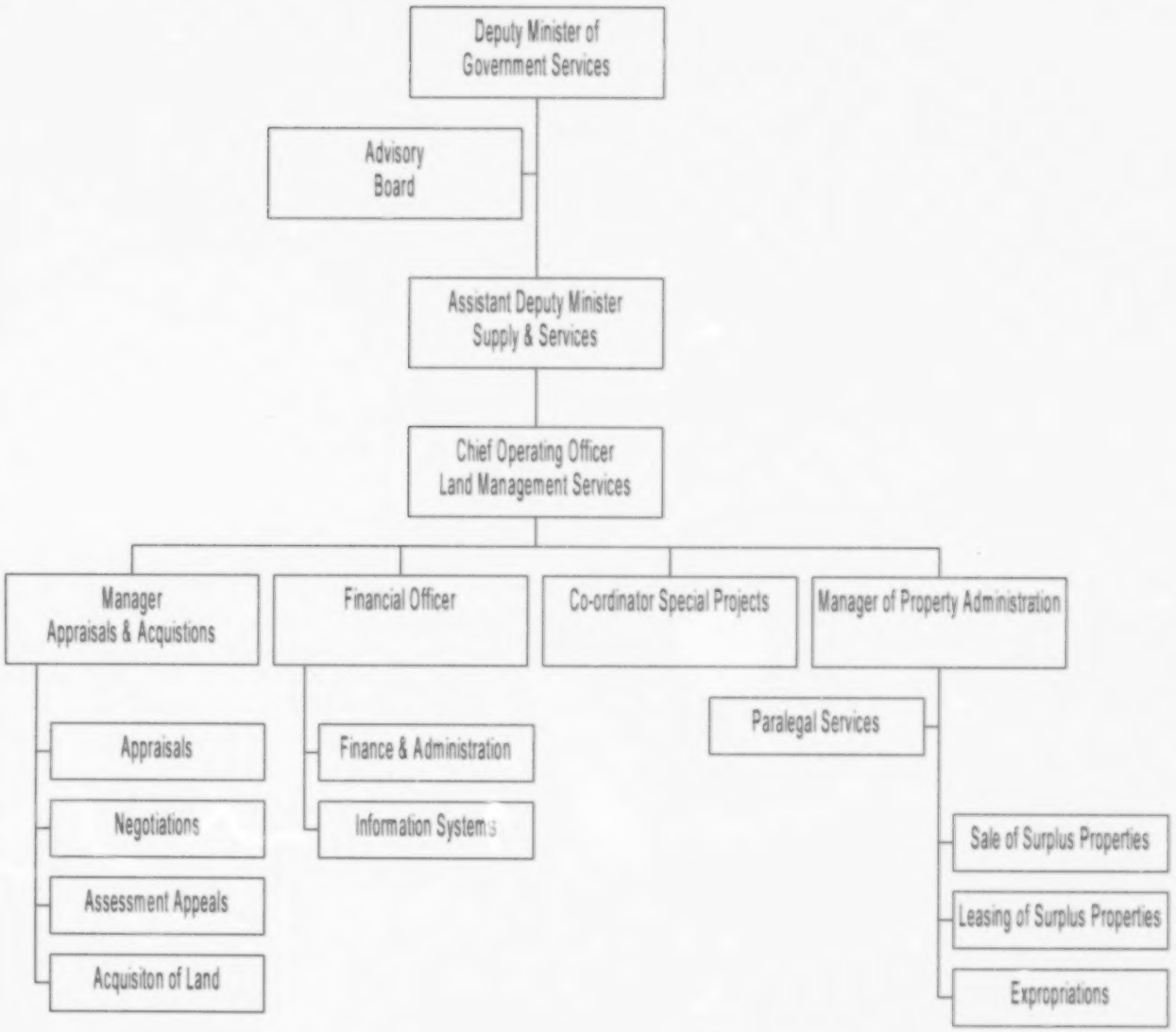
8 Land Management Services Locations & Contacts

Portage la Prairie	308 – 25 Tupper Street North Portage la Prairie MB R1N 3K1	Phone: Fax: Email:	(204) 239-3510 (204) 239-3560 lmsinfo@gov.mb.ca
Dauphin	27 – 2nd Avenue SW Dauphin MB R7N 3E5	Phone: Fax: Email:	(204) 622-2045 (204) 638-6428 efroese@gov.mb.ca

Agency Contacts:

	TELEPHONE	E-MAIL
Rae P. Csversko Chief Operating Officer	(204) 239-3561	rcsversko@gov.mb.ca
Normand LeNeal Finance Officer	(204) 239-3522	nleneal@gov.mb.ca
Jerry McLeod A/Manager, Appraisal & Acquisition	(204) 239-3520	jmcleod@gov.mb.ca
Rod Kent Manager of Property Administration	(204) 239-3526	rkent@gov.mb.ca
Garry Dyck Co-ordinator Special Projects	(204) 239-3543	gadyck@gov.mb.ca

9 Organization Chart



LAND MANAGEMENT SERVICES

FINANCIAL STATEMENTS

MARCH 31, 2003

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2003

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Income and Retained Earnings	3
Statement of Cash Flow	4
Notes to Financial Statements	5 - 7
Schedule of Expenses	8
Schedule of Public Sector Compensation Disclosure	9

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Land Management Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2003 and the statements of income and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2003 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 12, 2003

CHARTERED ACCOUNTANTS

1810 - 444 St. Mary Avenue · Winnipeg, Manitoba · R3C 3T1 · Phone (204) 942-4441 · Fax (204) 944-0400

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
MARCH 31, 2003

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and short term deposits	$ 624	$ 1,040
Accounts receivable	64	104
Surplus properties recoverable	-	67
Work in process	55	97
Prepaid expenses	64	13
	807	1,321
DISCHARGE FUNDS HELD IN TRUST (Note 3)	3	3
RECEIVABLE FROM PROVINCE OF MANITOBA (Notes 4 and 8)	324	324
CAPITAL ASSETS (Note 5)	237	313
	$ 1,371	$ 1,961
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 177	$ 243
Property proceeds payable (Note 9)	522	295
Current portion of client funds payable	177	-
	876	538
SEVERANCE PAY LIABILITY (Note 8)	186	235
CLIENT FUNDS PAYABLE	-	310
UNEARNED REVENUE (Note 3)	5	3
	1,067	1,086
EQUITY		
RETAINED EARNINGS	304	875
	$ 1,371	$ 1,961

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF INCOME AND RETAINED EARNINGS
(in thousands)

FOR THE YEAR ENDED MARCH 31, 2003	**2003**	**2002**
RECOVERIES	$ 1,960	$ 2,210
OTHER INCOME	16	10
INCOME BEFORE EXPENSES	1,976	2,220
EXPENSES		
Administrative (Page 8)	682	578
Operating (Page 8)	130	139
Wages and benefits	1,485	1,351
	2,297	2,068
NET (LOSS) INCOME FOR THE YEAR	(321)	152
RETAINED EARNINGS, beginning of year	875	973
	554	1,125
REVENUE SHARING - PROVINCE OF MANITOBA	250	250
RETAINED EARNINGS, end of year	$ 304	$ 875

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOW
(in thousands)

FOR THE YEAR ENDED MARCH 31, 2003	2003	2002
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Net (loss) income for the year	$ (321)	$ 152
Adjustments for		
Amortization	158	179
Severance pay expense	(49)	6
	(212)	337
Changes in the following		
Accounts receivable	40	102
Surplus properties recoverable	67	(67)
Work in process	42	(28)
Prepaid expenses	(51)	(4)
Accounts payable and accrued liabilities	(66)	(28)
Accounts payable - Province of Manitoba	-	(396)
Property proceeds payable	226	295
	46	211
FINANCING ACTIVITIES		
Revenue sharing - Province of Manitoba	(250)	(250)
Change in client funds payable	(132)	233
	(382)	(17)
INVESTING ACTIVITY		
Capital asset additions	(80)	(53)
CHANGE IN CASH AND SHORT TERM DEPOSITS	(416)	141
CASH AND SHORT TERM DEPOSITS, beginning of year	1,040	899
CASH AND SHORT TERM DEPOSITS, end of year	$ 624	$ 1,040

NOTES TO FINANCIAL STATEMENTS
(In thousands)
MARCH 31, 2003

1. NATURE OF ORGANIZATION

In 1965, The Land Acquisition Act was passed into law, bringing the Land Acquisition Branch into existence to provide a consistent process of real estate acquisition by government.

Effective April 1, 1995, the Land Acquisition Branch, under the operating name Land Management Services ("LMS"), was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

LMS is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from LMS operations. It finances LMS through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigourous planning and reporting requirements afforded by Special Operating status, assist LMS to sustain the provision of high quality land acquisition services to its clients.

A Management Agreement between the Financing Authority and the Minister of Government Services assigns responsibility to LMS to manage and account for LMS related assets and operations on behalf of the Financing Authority.

LMS continues to be part of Manitoba Government Services under the general direction of the Assistant Deputy Minister, and ultimately the policy direction of the Deputy Minister and Minister of Transportation and Government Services.

LMS remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

LMS is economically dependent on the Province of Manitoba because it derives most of its revenue and all of its financing requirements from the Province through the Financing Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Capital assets

Capital assets are recorded at cost and are amortized annually at the following rates and methods:

Computer software and equipment	20% straight line basis. 10% in year of acquisition
Equipment - office	20% straight line basis, 10% in year of acquisition
Leasehold improvements	20% straight line basis, 10% in year of acquisition

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2003

3. DISCHARGE FUNDS HELD IN TRUST AND UNEARNED REVENUE

Discharge funds held in trust and the majority of unearned revenue represents the fee for finalizing to consolidate titles on discharge of mortgages on properties being consolidated. This fee is put into a special interest bearing trust account and the revenue deferred. When the mortgage is discharged the deferred revenue will be recognized and the funds released from the trust account. It is estimated some files could be completed in as little as two years and as many as 20 years.

4. RECEIVABLE FROM PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is for vacation and severance entitlements earned by the employees of LMS prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

	2003	2002
Vacation entitlements	$ 132	$ 132
Severance pay benefits (Note 8)	192	192
	$ 324	$ 324

The timing and collection of these receivables will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of LMS.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2003	Net Book Value 2002
Computer software and equipment	$ 1,076	$ 880	$ 196	$ 261
Equipment - office	89	53	36	45
Leasehold improvements	7	2	5	7
	$ 1,172	$ 935	$ 237	$ 313

6. WORKING CAPITAL

LMS has an authorized line of working capital of $800, none of which was accessed at March 31, 2003.

7. PROPERTY PROCEEDS PAYABLE

LMS disposes of general Federal, Provincial operating agency and Municipal properties on a cost recovery basis. As at March 31, 2003, LMS had received proceeds on sales in excess of disposition costs of $522 (2002 - $295) which is outstanding and due to the various entities at year-end.

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2003

8. SEVERANCE PAY LIABILITY

Effective April 1, 1998, LMS began recording accumulated severance pay benefits for its employees. The estimate of the liability is based on the method of calculation set by the Province.

The Province has accepted responsibility for the severance benefits accumulated by LMS's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 calculated at $188 was completely offset by a receivable from the Province.

An actuarial valuation report of LMS's severance as at March 31, 2000 was completed in prior years. The receivable from the Province was restated to $192 as a result of the actuarial valuation. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the LMS's actuarial liability has been calculated to be $186 as at March 31, 2003.

9. SURPLUS PROPERTIES

LMS is responsible for the disposition of certain surplus crown-owned properties. In accordance with direction from the Provincial Treasury Board, LMS has established a $200 reserve account within retained earnings to cover any aggregate annual disposition costs which exceed the proceeds of surplus Crown-owned properties offered for sale. LMS can retain excess proceeds over disposition costs of surplus Crown-owned properties to the extent of any cumulative unrecovered historical shortages.

During the year LMS experienced a $129 shortage (2002 - Snil). The cumulative unrecorded historical shortage is $129, leaving $71 in the reserve account.

10. LEASE COMMITMENTS

LMS has not entered into a lease agreement with the Province of Manitoba for rental facilities at 25 Tupper Street N. Occupancy charges for the year ending March 30, 2004 are estimated to be $98 (2003 - $98).

LMS is also leasing computers and vehicles from the Province of Manitoba, with future estimated lease payments as follows:

Year	Amount
2004	$ 66
2005	13

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF EXPENSES
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
ADMINISTRATIVE		
Amortization	$ 158	$ 179
Computer maintenance	34	46
Contributed services	170	38
Human resources overhead	18	18
Occupancy costs	104	112
Other	50	64
Supplies	105	115
Training	43	6
	$ 682	$ 578
OPERATING		
Printing, postage and advertising	$ 20	$ 27
Professional fees	38	33
Telephone	25	30
Travel	47	49
	$ 130	$ 139

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2003

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION 2003	2002
John Wiebe	Property Appraiser	$ 75	$ -
Raeburn Csversko	Chief Operating Officer	73	69
Lawrence Mayer	Property Appraiser	65	51
Garfield Minkus	Property Appraiser	57	56
Scott Millar	Property Appraiser	57	55
Richard Staub	Property Appraiser	55	55
Normand Le Neal	Controller	55	53
Edwin Froese	Property Appraiser	55	-
Brett Ferguson	Property Appraiser	52	
McLeod Jerry	Property Appraiser	50	-
Wes Shewchuk	Property Appraiser	-	77

LAND MANAGEMENT SERVICES

FINANCIAL STATEMENTS
MARCH 31, 2003

MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To Land Management Services

We have audited the statement of receipts and disbursements of the Sale of Surplus Properties for the year ended March 31, 2003. This financial statement is the responsibility of the Agency's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, in all material respects, the receipts and disbursements of the Sale of Surplus Properties for the year ended March 31, 2003, in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 12, 2003

CHARTERED ACCOUNTANTS

1810-444 ST. MARY AVENUE · WINNIPEG, MANITOBA · R3C 3T1 · PHONE (204) 942-4441 · FAX (204) 944-0400

LAND MANAGEMENT SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SALE OF SURPLUS PROPERTIES
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED MARCH 31, 2003

Total receipts	$ 314,194
Total disbursements	87,749
Excess of receipts over disbursements	$ 226,445

NOTE TO STATEMENT OF RECEIPTS AND DISBURSEMENTS
MARCH 31, 2003

REPORTING ENTITY

In 1988, a program submission to the Government to identify and market land surplus to Government needs was approved.

The program was designed to relieve Government departments of the financial burden of marketing and disposal. Proceeds from the sale of surplus properties for all departments are held in trust with all marketing and disposal costs paid from the proceeds. Any surplus of proceeds over costs are returned to the consolidated fund annually.

1810 - 444 ST. MARY AVENUE · WINNIPEG MANITOBA R3C 3T1 · PHONE (204) 942-4441 · FAX (204) 948-[illegible]